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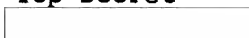
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POLAND: IMF Green Light

Poland reportedly has decided in principle to apply for IMF membership, a move that could give some comfort to Poland's Western creditors. [redacted]

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[redacted]
[redacted] The USSR, according to the Poles, recently withdrew its longstanding opposition to membership for Poland. [redacted]

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Assuming that Warsaw applies soon, membership will not be possible until mid- to late-1982. Poland thus will not be able to obtain immediate financial help from the IMF in meeting its \$9-10 billion financial requirement in the next year. The IMF link, however, should help Warsaw in its drive to reschedule its debts and to obtain new credits. [redacted]

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The IMF will make credits contingent on Warsaw's implementation of tough stabilization policies. Although Solidarity leader Walesa has already endorsed IMF membership, the union is likely to object to the kinds of tough austerity measures that the IMF will seek. Moscow will be sensitive to any appearance of Western control over the Polish economy. [redacted]

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Meanwhile, the Soviets apparently have agreed to send Poland an additional 30,000 tons of meat by the end of the year. The extra meat imports, announced at the Central Committee session on Wednesday by party leader Jaruzelski, are worth \$40 million at Western prices and will help Warsaw meet some, but not all, of its rationing obligations. [redacted]

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During this month, Warsaw imported 25,000 tons of meat but still failed--by 13,000 tons--to provide enough meat in the state distribution system to cover its commitments. The Soviet move seems intended as a show of support for Jaruzelski at relatively little cost. [redacted]

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SOUTH AFRICA - ANGOLA: Impending Incursion

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South African forces apparently are preparing for another major incursion into Angola.

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The operation almost certainly would be aimed at bases of the South-West Africa People's Organization. It apparently would involve a few thousand men, a smaller force than used in the incursion in August and September. At that time, South African attempts to engage SWAPO forces reportedly were unsuccessful; the new operation may be an effort to complete the job before heavy rains hinder conventional military operations.

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A decision to launch such an operation during the Western Contact Group's current trip to Africa would underscore South Africa's determination to place military objectives above other considerations. Pretoria probably calculates that the Western allies and the Frontline States are locked into the settlement process and will not pull out. Even if the negotiations were to break down, the South Africans probably believe that the West would not act against them.

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CHAD: Political Maneuvering

N'Djamena is outwardly calm despite continued signs of intense behind-the-scenes maneuvering by rival factions of the coalition government. [REDACTED]

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President Goukouni, who apparently is now backed by southern non-Muslim leader Vice President Kamougue, retains nominal control of the government. Radio Chad reported on Thursday that the cabinet has called for the immediate withdrawal of Libyan troops from N'Djamena and their departure from the rest of Chad by the end of the year. [REDACTED]

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The broadcast said that an inter-African force and an integrated Chadian Army would take over areas vacated by the Libyans. The cabinet meeting coincided with the departure for Tripoli of visiting Libyan deputy leader Jallud. [REDACTED]

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JAMAICA-CUBA: Break in Relations

Prime Minister Seaga's decision to break diplomatic relations with Cuba stems from his growing concern that Havana is harboring and training Jamaican subversives.

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Police have uncovered tapes and letters from the leader of the youth branch of the opposition party, which implicate radical leftists with terrorists and gunmen who fled to Cuba after Seaga's election.

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Seaga has ordered the Cuban Charge to depart by tomorrow. Havana's 34-member diplomatic staff and about 60 other personnel engaged in medical, construction, and educational programs probably will also have to leave.

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Havana television reacted with the comment that Seaga has joined "the maneuvers orchestrated by Yankee imperialism" against Cuba.

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In addition, the expulsion may stiffen the resolve of Jamaican radicals who are anxious to undercut the government's faltering economic recovery program.

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EL SALVADOR: Reaction to Mediation Proposal

Short-term prospects for a dialogue between the junta and the insurgents have received a serious setback. [REDACTED]

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A recent Mexican initiative elicited a positive response from the cogoverning Christian Democrats, who recognize that some leftist participation in constituent assembly elections scheduled for March would help legitimize the government. Although junta Vice President Colonel Gutierrez apparently shares the view, most senior military leaders have long opposed talks with the guerrillas. [REDACTED]

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The Christian Democrats' subsequent release of a statement disavowing their willingness to negotiate with the insurgents has calmed the situation. The episode will complicate further mediation initiatives, however, and is likely to strengthen the left's already successful propaganda effort. [REDACTED]

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ROMANIA: Arms Reduction Proposal

President Ceausescu's recent proposal for a withdrawal of Soviet missiles in return for cancellation of US deployment of medium-range missiles in Western Europe may have been made to enhance his prestige at home and abroad at the risk of angering Moscow. This is the first time a Warsaw Pact leader has publicly advocated a reduction of the Soviet nuclear arsenal. Ceausescu's remarks are in contrast to standard Warsaw Pact assertions that NATO's LRTNF decision of 1979 will upset the existing theater nuclear balance. His implication that there is an imbalance in Moscow's favor may prompt a private reprimand from Moscow. The President's other statements, which included praise of West European peace demonstrations, appear designed to blunt potential Soviet objections. [REDACTED]

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Ceausescu's independent action may have been intended, in part, to counter recent speculation in the Western press that Romania's current economic problems may force Bucharest to turn eastward and modify its foreign policy. He also may have hoped to enhance his image as an independent statesman in order to strengthen domestic support in the face of deteriorating living standards and associated popular discontent. [REDACTED]

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KAMPUCHEA: Diversion of Humanitarian Aid

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[redacted]
[redacted] as much as 95 percent of the rice provided by relief organizations is now being diverted by Vietnamese and Kampuchean officials.

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[redacted] Vietnamese officials last year retained 30 to 50 percent of food and supplies received from international organizations. [redacted]

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The current high level of diversions is the result of the bleak outlook for the current rice crop, a poor logistics system, and recent cutbacks in Western and Soviet aid to both Kampuchea and Vietnam. Some of the diverted supplies are consumed by the Vietnamese and Kampuchean official community, while other goods are sold on the black market.

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IRAN: New Prime Minister

Mir Hussein Musavi, who was approved as Prime Minister by the Iranian Assembly yesterday, was nominated for the office by President Khamenei--the chairman of the Islamic Republic Party--after the Assembly rejected the first nominee. The relative closeness of the vote on Musavi suggests that the new party leadership is having difficulty controlling factions within the party. There are indications that Musavi, who has been Foreign Minister, is related to the President but that the regime has tried to conceal his family tie.

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